



## FEATURED OPTIONS RADAR REPORT



### Bull Spread Sees More Upside for Dicks Sporting Goods into Summer Sports Season

**Ticker/Price:** DKS (\$87.75)

#### Analysis:

**Dicks Sporting Goods (DKS)** spread is buying the June \$90 calls for \$4.30 and selling the May 28th (W) \$81.50 puts for \$1.50, over 3300X, and follows buyers of the May 28<sup>th</sup> (W) \$95/\$100 call spread last week. The January \$55 puts were sold to open 4/12 as well for more than \$1M and 1,500 September \$90 calls remain in OI from January. DKS has been a relative strength name since last March and forming a small flag now under recent highs at \$90. A breakout has room to \$100. The \$7.65B company trades 15.88X earnings, 0.80X sales, and 5.28X FCF with a 1.65% yield. DKS has benefitted over the last year from the massive thematic shift into more outdoor activities and something they said is likely to continue in 2021 within big ticket categories like fitness, golf, and bikes. They also have tailwinds into the Summer from an earlier resumption of youth team sports due to better weather which should be a boost to both their apparel and footwear businesses. DKS was at the BAML Conference in early March and optimistic about growth in private label this year with VRST gaining some momentum early and “a lot of whitespace we can go after.” Analysts have an average target for shares of \$74 with a Street High \$100. Wedbush raising estimates yesterday into Q1 as the analyst believes sales trends accelerated since the company's 4Q20 earnings report, driven by fiscal stimulus, increasing consumer confidence, and reemerging team sports. Goldman raising estimates last week citing easier comps in Q1, especially as team sports resume. Short interest is 12.5% and down from around 17% in December. Hedge fund ownership fell 12% in Q1, Samlyn Capital continuing to add to their stake. DKS reports on 5-26 and shares higher six of the last seven with an average closing move of 5%.

#### Hawk Vision:



**Hawk's Perspective:** DKS should post a big number next week and the outlook should be favorable as well despite some tougher comps on the outdoor goods as they'll get a better mix of in-store shopping and ecommerce as well as apparel/footwear sales

**Confidence Ranking:** \$\$